

BOARD OF REGENTS  
BRIEFING PAPER

**1. Agenda Item Title: Handbook Revision – Financial Policies**

**2. BACKGROUND & POLICY CONTEXT OF ISSUE:**

To change to the BOR handbook in Title 4 Chapter 9C Sec 2, Financial Policies. The change is a result of action taken on Budget and Finance Committee reference item two at the November 29, 2007 meeting.

**3. SPECIFIC ACTIONS BEING RECOMMENDED OR REQUESTED:**

Approval of the following revisions to Title 4, Chapter 9C, Section 2 as follows:

4. Budget Revisions

b. Revisions of self-supporting budgets (*excluding revisions between object codes*) exceeding [ten] twenty-five percent of expenditures for budgets up to [\$500,000] \$400,000; or revisions of [\$50,000] \$100,000 or greater for budgets exceeding [\$500,000] \$400,000 must be approved by the System administration. Institutions must provide plans regarding: (B/R 7/97, 4/05)

5. Transfers

c. Budget transfers between functions of more than [\$25,000] \$100,000 of State Appropriated or Self-supporting budget funds must be reviewed/approved by System Administration. A quarterly report will be provided to the Board of Regents.

**4. IMPETUS (WHY NOW?):**

From the November 2007 minutes -

23. Approved-Budget & Finance Committee Recommendations (Agenda Item #22) – (Cont'd.)

Requests for Information from the October 11, 2007, Meeting – The Committee recommended approval to modify the reporting requirements of the quarterly self-supporting budget revisions report and the quarterly state budget transfers between functions report. The Committee recommended making the quarterly self-supporting budget report an annual report and changing the reporting parameters from reporting revisions exceeding 10% of expenditures for budgets up to \$500,000 or \$50,000 or greater for budgets exceeding \$500,000 to 25% of expenditures for budgets up to \$400,000 or \$100,000 or greater for budgets exceeding \$400,000. The Committee recommended changing the reporting parameters of the state budget transfer report from budget transfers between functions of more than \$25,000 to \$100,000. The Committee also recommended approval to eliminate from the reporting requirement to the Committee the following annual reports: The NSHE Institutional Operational Efficiencies, the NSHE Institutional Resource Reassignment/Reallocation and the Actual State Funding per Student Full Time Equivalent Enrollment. The Committee instructed System staff to meet with Legislative Counsel Bureau staff to discuss the future possibility of eliminating, replacing or modifying any of the Budget and Finance periodic reports that currently address Board financial policies that were implemented in response to a prior legislative audit of the NSHE (*Ref. BF-2 on file in the Board office*).

Regent Sisolak moved approval of the Committee recommendations and acceptance of the report. Regent Alden seconded. Motion carried. Regents Anthony, Geddes and Whipple were absent.

**5. BULLET POINTS TO SUPPORT REQUEST/RECOMMENDATION:**

Budget and Finance committee recommended the change and the Board approved the committee report.

**6. POTENTIAL ARGUMENTS AGAINST THE REQUEST/RECOMMENDATION:**

Since the Budget & Finance Committee and full Board have already approved these changes, there is no argument for not reflecting these changes in the Board *Handbook*.

**7. ALTERNATIVE(S) TO WHAT IS BEING REQUESTED/RECOMMENDED:**

**8. COMPLIANCE WITH BOARD POLICY:**

- Consistent With Current Board Policy: Title # \_\_\_\_\_ Chapter # \_\_\_\_\_ Section # \_\_\_\_\_
- Amends Current Board Policy: Title # 4 Chapter # 9 Section # 2
- Amends Current Procedures & Guidelines Manual: Chapter # \_\_\_\_\_ Section # \_\_\_\_\_
- Other: \_\_\_\_\_
- Fiscal Impact: Yes \_\_\_\_\_ No X
- Explain: \_\_\_\_\_

**Proposed Handbook Revision**  
**Deletions are [bracketed]**  
**Additions are underlined in bold**

**Title 4, Chapter 9C, Section 2**

Title 4 Chapter 9

C. Financial Policies: Operating Budgets

Section 2. Financial Policies

1. Uniform Accounting Policies and Procedures

a. NSHE institutions will implement uniform accounting and administrative policies and procedures as defined by NSHE. Revisions to the policies and procedures will be considered by all institutions through the Business Officers Council to the Presidents Council for recommendation to the Chancellor.

b. Definitions for all reporting categories will be in accordance with the nationally accepted National Association of College and University Business Officers (*NACUBO*) classification system. Policies concerning review and approval of annual operating budget adjustments are applicable to and will vary within each of the three primary groupings (1) State Operating budget; (2) Self-supporting budgets, and (3) other funds (*consisting primarily of federal grants and contracts*).

2. Reporting

Consistent and uniform quarterly reporting of financial activity is an obligation of the System units to the Chancellor's Office. Reporting of exceptions to the Budget and Finance Committee will be determined by the Chancellor. (B/R 4/97)

3. Self-supporting Budget Review

All self-supporting budgets exceeding \$25,000 of projected annual expenditure activity will be included in the annual budget process. Excluded from this requirement are grants and contracts and plant, loan, endowment and scholarship funds. (B/R 4/97)

4. Budget Revisions

a. The principle governing the review and approval structure for budget revision shall be that the Chancellor and President of each System institution have authority and responsibility for proper and effective management, and thereby enabling and enhancing efficient utilization of institutional resources.

b. Revisions of self-supporting budgets (*excluding revisions between object codes*) exceeding [ten] **twenty-five** percent of expenditures for budgets up to [\$500,000] **\$400,000**; or revisions

of [\$50,000] **\$100,000** or greater for budgets exceeding [\$500,000] **\$400,000** must be approved by the System administration. Institutions must provide plans regarding: (B/R 7/97, 4/05)

1. The impacts of the revisions on the affected programs, particularly noting how reductions in personnel and operating expenses, will be accommodated for the remainder of the fiscal year; and
2. What the fiscal and program implications are for subsequent years. The Chancellor will submit to the Board of Regents an annual report detailing the number and type of revisions by institution that were approved by the System.

#### 5. Transfers

- a. The transfer of expenses from non-state to state budgets after May 1 must be approved by the institution President with appropriate supporting justification and reported in an annual summary to the Board of Regents.
- b. The Presidents have authority to transfer funds into or out of each budget subject to policy guidelines of Chapter 9C, Section 2, Subsections 4 and 10, and state appropriation restrictions.
- c. Budget transfers between functions of more than [\$25,000] **\$100,000** of State Appropriated or Self-supporting budget funds must be reviewed/approved by System Administration. A quarterly report will be provided to the Board of Regents.

#### 6. Use of Instructional Funds

Each NSHE institution that provides student instruction and derives instructional funding through the State-operating budget must utilize those resources to the greatest extent possible in support of student credit-based instruction. The use of instruction funds for non-instructional purposes must be certified by the institution's President and approved by the Chancellor and Board of Regents prior to budgetary commitment. Approval should be only under the most unusual conditions. (B/R 4/97)

#### 7. Scholarship Function

Amounts budgeted by each NSHE institution in the Scholarship function shall be approved annually by the Board of Regents as part of the institution's operating budget; provided, however, that in the event that the amount budgeted by the institution is less than the amount funded by the Nevada State Legislature in the Scholarship function such amount shall be considered separately by the Board and shall be accompanied by the President's justification for such variance. This provision does not preclude an institution from augmenting the budgeted amounts of the Scholarship function. Any supplemental amounts transferred into the Scholarship function are not subject to the student access guidelines established in Title 4, Chapter 18, and may be reallocated to other functions without restriction. (B/R 3/07)

## 8. Overrides

The Controller (*or equivalent*) at each NSHE institution is responsible for the control of override activities within their financial organizations. Overrides of financial transactions are restricted to the Controller and those who report directly to the Controller. Authority for other personnel can be given on a case-by-case basis. All “level five” financial overrides will be monitored through a System override report. Payroll entries will be monitored on an after-the-fact-basis. Exceptions in specific grant and contracts accounts and non-state budgets may be approved by System Administration.

## 9. Reconciliation of Bank Accounts

Each NSHE institution must have documented procedures detailing the processes regarding reconciliation of bank accounts. Bank reconciliations must be completed and submitted to the Office of Banking and Investments within sixty days of the close of the month. (B/R 4/97)

## 10. Account Control

Each institution should review annually all budget accounts and eliminate those that have been inactive for an extended period of time and where it is unlikely that they will have any future activity. Consolidation of similar accounts should be undertaken to reduce further the number of overlapping and unnecessary accounts. The Board of Regents will review annually a report of the number of accounts that are consolidated or eliminated by institution. (B/R 4/97)

## 11. Budget to Actual Report

The System Administration will develop annually a report that compares the original budget to actual revenues and expenditures for self-supporting budgets\*. The report will summarize and highlight those activities that vary from the original budget by \$25,000. (B/R 4/97)

\*As defined under Policy 3 the review will include all self-supporting budgets that exceed annually \$25,000 in projected annual expenditure activity.

## 12. Capitalization Threshold

Capital equipment is defined as those items exceeding a \$5,000 expense threshold and having a useful life of greater than one year. (B/R 6/07)